

To begin with, in the description of the *Powers* reference, from column 2 extending over to column 3, the numerals 10 and 12 are reversed. In *Powers*, the indicia is 12 and the paper is 10. This is confirmed at column 4, line 18, where it is correctly marked. The indicia 12 is clearly not a continuous layer.

It is unclear from the office action which layer is considered to be the indicia-bearing layer. This could, perhaps, be layer 14 or, alternately, it could be layer 12. Layer 14 is a contact adhesive layer. The support layer is obviously layer 22, and one surface of layer 14 is bonded to layer 22 by thermoplastic elastomer layer 16 (the thermoplastic elastomer is not a pressure sensitive adhesive). Layer 24 is actually a release surface, but obviously there must be some adhesion between layer 16 and layer 24. This being the case, there is then no "upper, heat-activated adhesive layer bonded to a second surface of the indicia-bearing layer," as recited in Applicants' claim 6. Accordingly, the structure defined by claim 6 is not shown in the *Powers* reference, nor is it shown in the secondary reference, *Mahn*.

The *Mahn* reference does not show "cut lines through the heat-activated adhesive layer and the indicia layer, but not through the support layer" which would function in the same manner as this feature recited in claim 6. In the *Mahn* reference, the support layer is bonded to the adhesive layer 32. Therefore, the heat-activated transfer disclosed in *Mahn* must be separated from the support layer in order to be applied. In the pending application, in contrast, the support layer is intended to hold the indicia as it is being applied to a substrate.

Further, it would be unobvious to incorporate cut lines through the product disclosed in *Powers*. The indicia shown in Fig. 12 is already discrete printed indicia. The entire item is intended to be applied to a surface at one time. Further, if one were to cut through layer 14 and layer 16, down to layer 24, the indicia may not have sufficient

adhesion to remain affixed to the support layer 22 since layer 24 is a release layer. In Applicant's invention, layer 24 would be a pressure-sensitive adhesive layer and there would be no layer 14. Thus, the transfer disclosed in the *Powers* reference could not function in the same manner as Applicant's invention. In particular, one could not arrive at Applicant's invention by merely putting cut lines through the article disclosed in *Powers*.

Applicant further has amended the claims to indicate that the indicia-bearing layer is an opaque layer. This is important because the layer is actually cut to establish the indicia. Therefore, whether or not the indicia-bearing layer is flock, cloth, pigmented thermoplastic elastomer, or pigmented thermoset polymer, or even a solid layer of puff ink, it would be an opaque layer. Layer 14 in the *Powers* reference must be transparent in order to allow the indicia to show through. Likewise, layer 16 would have to allow the indicia layer to show through. Thus, it is significantly different from Applicant's invention.

Further, with respect to claim 10, Applicant would again indicate that the *Mahn* reference does not disclose or teach the basic method. The *Mahn* reference may disclose a die-cut heat-activated transfer, but it is not formed in the same manner as claimed in claim 10. In fact, it is totally dissimilar. In the *Mahn* reference, the heat-activated transfer is basically laminated together without any support surface whatsoever. It is then cut to form the transfer. Frequently, these might be on a support surface, but the adhesive layer would be against the support surface. To apply the transfer, it would be separated from the support surface and applied directly to the cloth layer. In Applicant's invention, the heat-activated adhesive layer is on the upper surface, separated from the support layer. It is applied while still supported by the support layer. There is no disclosure or suggestion in the *Mahn* reference to bond a continuous heat-activated laminate to a support layer, and then cut it while it is on the support layer.

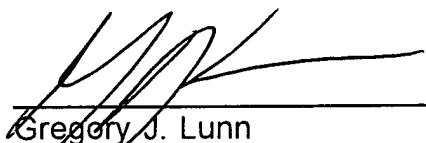
This is particularly important since Applicant's method allows it to be applied to a cloth substrate while the indicia is still temporarily attached to the support surface. This allows Applicant to provide a relatively intricate design, and apply it accurately to a cloth substrate. Whereas, with the method disclosed in the *Mahn* reference or the *Powers* reference, the individual sections of the indicia would have to be carefully located on the cloth substrate and heat and pressure applied carefully to prevent the different indicia from separating from each other as they are bonded to the cloth. That is not a concern using the method disclosed in the pending application. The support surface will hold the indicia in position as it is being applied to a substrate.

Thus it is Applicant's position that *Powers* and *Mahn* combined do not disclose the claimed invention. Further, any modification of *Powers* to provide Applicant's invention would be unobvious. In light of this, Applicant would respectfully request reconsideration of the pending claims and allowance of same.

Respectfully submitted,

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